

SENATE BILL REPORT

ESHB 2289

As Reported by Senate Committee On:
Environment, Water & Energy, March 25, 2009
Ways & Means, April 6, 2009

Title: An act relating to expanding the energy freedom program.

Brief Description: Expanding the energy freedom program.

Sponsors: House Committee on Capital Budget (originally sponsored by Representative McCoy).

Brief History: Passed House: 3/06/09, 88-7.

Committee Activity: Environment, Water & Energy: 3/18/09, 3/25/09 [DPA-WM].
Ways & Means: 4/03/09, 4/06/09 [DPA(EWE), w/oRec].

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Rockefeller, Chair; Pridemore, Vice Chair; Honeyford, Ranking Minority Member; Delvin, Fraser, Hatfield, Holmquist, Marr, Morton and Ranker.

Staff: Jan Odano (786-7486)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended by Committee on Environment, Water & Energy.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Fairley, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Parlette, Pflug, Pridemore, Regala, Rockefeller and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Brandland.

Staff: Richard Ramsey (786-7412)

Background: Energy Freedom Program. Established in 2006, the Energy Freedom Program provides financial and technical assistance to public entities for (1) the construction of facilities to convert farm products or wastes into electricity or biofuel or other co-products;

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and (2) the construction of facilities used to store or distribute such feedstocks or products. Eligibility is determined according to a number of criteria, including the technical feasibility and commercial viability of a project. The amount of assistance under the program is limited to no more than 50 percent of the total cost of a project up to \$5 million.

According to a 2008 status report, the Energy Freedom Program account balance is expected to be \$3.7 million at the end of fiscal year 2009. The account balance at the end of fiscal year 2011 is expected to be roughly \$6.3 million.

Green Energy Incentive Account. In 2007 the Legislature created the Green Energy Incentive Account within the Energy Freedom Account. Appropriations made to the Green Energy Incentive Account are dedicated for refueling station development, plug-in hybrid pilot projects, and hydrogen vehicle demonstration projects.

Summary of Bill (Recommended Amendments): Expanding the Energy Freedom Program (Program). The Program is expanded to include state efforts to promote, develop, and encourage energy efficiency improvements, renewable energy improvements, and innovative energy technologies. Before assisting such efforts, the Director of the Department of Community, Trade, and Economic Development must examine a number of criteria, including whether the project or program demonstrates technical feasibility and assists in moving a project into the marketplace for use by Washington citizens. Grants and loans under the Program may be awarded to the state, political subdivisions of the state, federally-recognized Indian tribes, and nonprofit 501(c)(3) organizations.

According to a 2008 status report, the Energy Freedom Program account balance is expected to be \$3.7 million at the end of FY 2009. The account balance at the end of FY 2011 is expected to be roughly \$6.3 million.

Adding Definitions. "Energy efficiency improvement" means an installation or modification that is designed to reduce energy consumption, including insulation; storm windows and doors; automatic energy control systems; heating, ventilating, or air conditioning and distribution systems; caulking and weather stripping; energy recovery systems; geothermal heat pumps; and day lighting systems. "Renewable energy improvements" means a fixture, product, system, device, or interacting group of devices that produces energy from renewable sources, including photovoltaic systems, solar thermal systems, small wind systems, biomass systems, and geothermal systems. "Innovative energy technology" includes smart grid or smart metering; biogas from landfills, wastewater treatment plants, anaerobic digesters, or other processes; wave or tidal power; fuel cells; high efficiency cogeneration; and energy storage systems.

Providing for the Deposit of Federal Assistance. Repayments of principal and interest from loans made to energy efficiency improvement, renewable energy improvement, and innovative energy technology projects must be used only for financial assistance to further funding of similar projects.

Creating an Account. An appropriated account, called the Nonstate Energy Account, is created. Monies provided by the federal government for energy independence and security, innovative energy technologies, energy efficiency, renewable energy, and conservation must

be deposited into the Nonstate Energy Account. A sum of \$30 million of federal funding from the Nonstate Energy Account is appropriated to provide funding for the Energy Efficiency Assistance Program as created in ESSB 5649. In addition, \$15 million is appropriated to Washington State University (WSU). There is also an appropriation to Clean Energy Leadership Initiative created in SSB 5921 for \$500,000.

EFFECT OF CHANGES MADE BY ENVIRONMENT, WATER & ENERGY COMMITTEE (Recommended Amendments): Aligns federal funding for clean energy strategic planning and energy efficiency and weatherization programs as provided for in SB 5921 and SB 5649 respectively. Includes clean energy projects as identified in the Clean Energy Initiative as allowable projects under the Energy Freedom Program. Makes technical corrections.

Appropriation: \$30.5 million General Fund-Federal.

Fiscal Note: Available on proposed SHB 2289. Not requested on ESHB 2289.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony on Engrossed Substitute House Bill (Environment, Water & Energy): PRO: This bill will help fill the gap left by the declining activity of angel investors. The bill will allow federal and state monies to be used to fund green jobs projects from proof-of-concept to market.

OTHER: This bill may adversely affect the clean energy strategic planning that will take place under SB 5921.

Persons Testifying (Environment, Water & Energy): PRO: Representative McCoy, prime sponsor.

OTHER: Jake Fey, Larry Ganders, WSU.

Staff Summary of Public Testimony (Ways & Means): None.

Persons Testifying (Ways & Means): No one.